



COS16-011
Section 3 Requirements
Exhibit N

Procurement Division
16000 N. Civic Center Drive
Surprise, Arizona 85374
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Section 3 is a provision of the Housing and Urban Development Act of 1968, which recognizes that HUD funds are typically one of the largest sources of federal funding expended in communities. Section 3 is intended to ensure that when employment or contracting opportunities are generated because a covered project or activity necessitates the employment of additional persons or the awarding of contracts for work, preference must be given to low- and very low-income persons or business concerns residing in the community where the project is located.

The purpose of Section 3 (24 CFR Part 135) is to ensure that employment and other economic opportunities generated by HUD assistance or HUD assisted projects covered by Section 3, shall, to ***the greatest extent feasible***, be directed to low- and very low-income persons, particularly persons who are recipients of HUD assistance for housing and to business concerns that provide such opportunities to low and very low-income persons. Bidders are asked to review this entire exhibit and submit the documents requested as a part of your bid submittal.

Exhibit N includes the following attachments:

ATTACHMENTS TO COMPLETE AND SUBMIT WITH BID SUBMITTAL

- Attachment 1. Statement of Workforce Needs
- Attachment 2. Certification for Business Concerns Seeking SECTION 3 Preference in Contracting and Demonstration of Capacity
- Attachment 3. Section 3 Income Verification, Self-Certification
- Attachment 4. Section 3 Compliance Certification

SECTION 3 STATEMENT OF WORKFORCE NEEDS

The Workforce Need Statement Worksheet gathers the following required information:

1. **Employees you will need on this project**– *how many people will you to hire?*
2. **Employees currently filling each position** – *how many people are already working?*
3. **Estimated employees needed to fill each position** – *subtract the number of employees currently filling each position from number of employees needed for each position to complete the estimated number of employees.*
4. **Estimated number of Section 3 employees to be hired to fill the open positions** – *use column 3 to estimate the number of Section 3 residents you anticipate hiring.*

Contractor/Subcontractor Information:

Company Name:

Owner Name:

Address:

Phone:

Email:

TYPE OF BUSINESS: ☐ Corporation ☐ Partnership ☐ Sole Proprietorship

Estimated Project Workforce Breakdown

Job Category	Total Estimated Positions Needed (this Project)	Number of positions occupied by permanent employees	Number of positions not occupied	Number of positions to be filled with Section 3 Residents (this project)
Professionals				
Technicians				
Office/Clerical				
Officials/Managers				
Sales				
Craft Workers (skilled)				
Equipment Operators (semi-skilled)				
Laborers (unskilled)				
Service Workers				
Other Construction Trades				
TOTALS				

By signing below, I am certifying that the above information is an accurate estimate of workforce needs for this project.

Signature: _____

Date: _____

**CERTIFICATION FOR BUSINESS CONCERNS SEEKING SECTION 3 PREFERENCE
IN CONTRACTING & DEMONSTRATION OF CAPABILITY**

Company Name:
 Company Owner:
 Address:
 Phone: Fax: Email:
 Business Type: ☐ Corporation ☐ Partnership ☐ Sole
 Proprietorship

SECTION 3 DETERMINATION:

If the answer to any of the questions below is YES, the business qualifies as a Section 3 Business Concern. Please provide the required documentation as needed to the City of Chandler Project Manager.

1. Is the business owned (51% or more) by individuals whose household incomes are NO GREATER THAN 80% of Area Median Income? (Please see Income Limits below) ☐
 Yes ☐ No

If yes, the business is considered a 'Section 3 Resident-Owned Enterprise'. One form of documentation is needed for each of the business owners:

☐ Federal Income Tax Returns ☐ W-2 Income Statements ☐ Paycheck
 Stubs
☐ Evidence of Public Assistance ☐ Other:

2. Do 30% (or more) of your full time, permanent employees have household incomes that are NO GREATER THAN 80% of Area Median Income? (Please see Income Limits below)
☐ Yes ☐ No

If yes, the business is considered a Section 3 Business Concern. Please provide the following:

☐ List of all current Full Time employees
☐ Self-Certification Income Forms for all employees earning less than 80% of median income

3. Will you subcontract more than 25% of this contract with any business that is either 51% owned by Section 3 residents or 30% or more of its employees are Section 3 residents? ☐
 Yes ☐ No

If yes, please provide the following documentation:

☐ List of subcontracted Section 3 business(es) and subcontract amount.
☐ Evidence which identifies the subcontractor is considered a Section 3 Business Concern (Sections 1 and 2 above provide examples of evidence to be used to identify a Section 3 Business Concern)

FY 2015 Income Limits Summary

FY 2015 Income Limit Area	Median Income	FY 2015 Income Limit Category	Persons in Family							
	Explanation		1	2	3	4	5	6	7	8
Maricopa County	\$64,000	Very Low (50%) Income Limits (\$) Explanation	22,400	25,600	28,800	32,000	34,600	37,150	39,700	42,250
		Extremely Low Income Limits (\$)* Explanation	13,450	15,930	20,090	24,250	28,410	32,570	36,730	40,890
		Low (80%) Income Limits (\$) Explanation	35,850	41,000	46,100	51,200	55,300	59,400	63,500	67,600

<http://www.huduser.org/portal/datasets/il/il2015/2015summary.odn>

By signing below, I am certifying that the above information is an accurate estimate of workforce needs for this project.

Signature: _____

Date: _____

SECTION 3 INCOME VERIFICATION AND SELF CERTIFICATION

Date: _____ Last 4 No.SSN _____

Name: _____

Last Name

First Name

M.I.

Address: _____

Street

City

Zip

Male: ☐Female: ☐

Phone No. _____

It is the policy of these employers to provide equal opportunity to all of the employees and applicants for employment and to ensure that there be no discrimination against any persons on the grounds of race, color, national origin, political affiliation, sexual preference, age, or sex. The following questions are for the purpose of tracking the hiring benefits of this project and are optional and will remain confidential. This information will not be made a part of your personnel records.

Race/Ethnic Group (check) ☐ African America ☐ Am. Indian / Native American
☐ Asian / Pacific Islander ☐ Caucasian ☐ Hispanic / Latino ☐ Other

Annual Household Income (Please check one income box for your family size)

Family Size	Yearly Household Income			
	Less than		or	greater than
1 <input type="checkbox"/>	\$37,350	<input type="checkbox"/>	or	\$37,351 <input type="checkbox"/>
2 <input type="checkbox"/>	\$42,650	<input type="checkbox"/>	or	\$43,651 <input type="checkbox"/>
3 <input type="checkbox"/>	\$48,000	<input type="checkbox"/>	or	\$48,001 <input type="checkbox"/>
4 <input type="checkbox"/>	\$53,300	<input type="checkbox"/>	or	\$53,301 <input type="checkbox"/>
5 <input type="checkbox"/>	\$57,600	<input type="checkbox"/>	or	\$57,601 <input type="checkbox"/>
6 <input type="checkbox"/>	\$61,850	<input type="checkbox"/>	or	\$61,851 <input type="checkbox"/>
7 <input type="checkbox"/>	\$66,100	<input type="checkbox"/>	or	\$66,101 <input type="checkbox"/>
8 <input type="checkbox"/>	\$70,400	<input type="checkbox"/>	or	\$70,401 <input type="checkbox"/>

This income can be verified by:

☐ Federal Income Tax Returns / W2s ☐ Pay Stubs / Other Income Stubs
☐ _____Housing Authority ☐ AHCCS, ALTCS, TANF, or Food Stamp Recipient

Certification and Agreement

This information will be used to ensure compliance with U.S. Department of Housing and Urban Development Section 3 eligibility requirements. With your signature, you are certifying that the above information is correct to the best of your knowledge; falsifying information on this form is a federal offense. The penalty for making false statements is prescribed in the US Criminal Code 18 U.S.C. 1001.

Signature: _____

SECTION 3 COMPLIANCE CERTIFICATION**ECONOMIC OPPORTUNITIES FOR LOW AND VERY LOW INCOME PERSONS**

The Section 3 Compliance Certification form is provided to bidders to ensure they are aware of the requirements and clauses that will be required in all Section 3 covered subcontracts. The selected contractor and its subcontractors will be bound by its provisions.

Project Name: CDBG ROADWAY IMPROVEMENTS

The City of Surprise Community Development Department will ensure that the following clauses are included in all Section 3 covered contracts. The contractor and subcontractors (where applicable) will be bound by its provisions.

Every applicant, recipient, contracting part, contractor, and subcontractor shall incorporate, or cause to be incorporated, in all contractors for work in connection with a Section 3 covered project, the following clause:

- A) The work to be performed under this contract is subject to the requirements of section 3 of the Housing and Urban Development Act of 1968, as amended, 12 U.S. C. 1701u (section 3). The purpose of section 3 is to ensure that employment and other economic opportunities generated by HUD assistance of HUD-assisted projects covered by section 3, shall, to the greatest extent feasible, be directed to low- and very low-income persons, particularly persons who are recipients of HUD assistance for housing.
- B) The parties to this contract agree to comply with HUD's regulations in 24 CFR part 135, which implement section 3. As evidenced by their execution of this contract, the parties to this contract certify that they are under no contractual or other impediment that would prevent them from complying with the part 135 regulations.
- C) The contractor agrees to send to each labor organization or representative of workers with which the contractor has a collective bargaining agreement or other understanding, if any, a notice advising the labor organization or workers' representative of the contractor's commitments under this section 3 clause, and will post copies of the notice in conspicuous places at the work site where both employees and applicants for training and employment positions can see the notice. The notice shall describe the section 3 preference, shall set forth minimum number and job titles subject to hire, availability of apprenticeship and training positions, the qualifications for each; and the name and location of the person(s) taking applications for each of the positions; and the anticipated date the work shall begin.
- D) The contractor agrees to include this section 3 clause in every subcontract subject to compliance with regulations in 24 CFR part 135, and agrees to take appropriate action, as provided in an applicable provision of the subcontract or in this section 3 clause, upon a finding that the subcontractor is in violation of the regulations in 24 CFR part 135. The contractor will not subcontract with any

subcontractor where the contractor has notice or knowledge that the subcontractor has been found in violation of the regulations in 24 CFR part 135.

- E) The contractor will certify that any vacant employment positions, including training positions, that are filled (1) after the contractor is selected but before the contract is executed, and (2) with persons other than those to whom the regulations of 24 CFR part 135 require employment opportunities to be directed, were not filled to circumvent the contractor's obligations under CFR part 135.
- F) Noncompliance with HUD's regulations in 24 CFR part 135 may result in sanctions, termination of this contract for default, and debarment or suspension from future HUD assisted contracts.

This form provides technical specifications as part of the HUD requirements pertaining to Section 3. The General Contractor that is selected for this project will be required to provide this form to any subcontractor hired for this project. If you are the selected contractor for this project, you must agree to comply with Steps 1, 2 & 3 below:

1. You must sign and date this form for every pay period in connection with this project and include with your Pay Application, and Davis-Bacon Certified Payroll Report:
2. In connection with this project, you must also complete, sign, date, and submit a MONTHLY report (Attachment 5) for every pay period worked, to the City of Surprise Project Manager.
3. If applicable, you must fill out and sign the **Certification For Business Concerns Seeking Section 3 Preference In Contracting And Demonstration Of Capability.** (Attachment 2)

I have read, understand, and agree to comply with these requirements as stated above.

Authorized Name: _____
PRINT

Title: _____

Signature: _____

Company Name: _____ Date: _____
PRINT